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European Council adopted conclusions on the recovery plan and Multiannual Financial Framework for 2021-2027

21 JULY / 2020

On 21 July 2020, the European Council adopted conclusions on the recovery plan and Multiannual Financial Framework for 2021-2027. The COVID-19 crisis presents Europe with a challenge of historic proportions. The EU and its Member States have had to adopt emergency measures to preserve the health of the citizens and prevent a collapse of the economy. On the basis of the extensive consultations held at the level of the President of the European Council and the work done in the Council, the conclusions present a balanced solution catering for the interests and positions of all Member States.

It is an ambitious and comprehensive package combining the classical MFF with an extraordinary Recovery effort destined to tackle the effects of an unprecedented crisis in the best interest of the EU.

Next Generation EU (NGEU) and the **Multiannual Financial Framework (MFF)** go together. The Recovery effort is needed as a quick and effective answer to a temporary challenge,

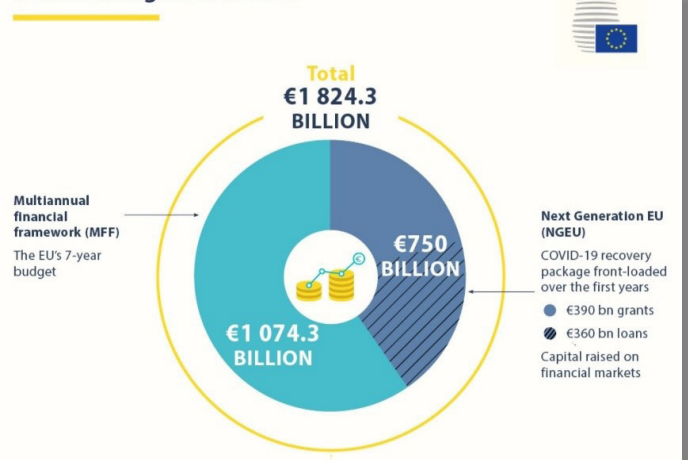
but this will only yield the desired result and be sustainable if it is linked to and in harmony with the traditional MFF that offers a long-term perspective.

To read the full **Conclusion of the Special meeting of the European Council (17-21 July 2020)** and have a comprehensive overview on the decisions taken, please click [here](#).

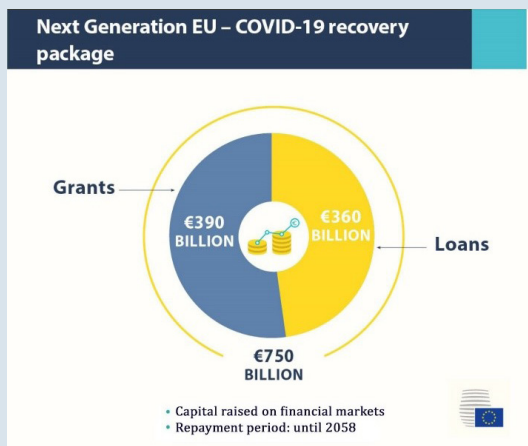
We have reached a deal on the recovery package and the European budget. These were, of course, difficult negotiations in very difficult times for all Europeans. A marathon which ended in success for all 27 Member States, but especially for the people. This is a good deal. This is a strong deal. And most importantly, this is the right deal for Europe, right now.

President Michel at the press conference of the European Council Brussels, 21 July 2020

Overall budget 2021-2027



Next Generation EU



For NGEU the Commission shall be empowered in the Own Resources Decision to borrow funds on the capital markets on behalf of the Union up to the amount of EUR 750 billion in 2018 prices; new net borrowing activity will stop at the latest at the end of 2026. The Union shall use the funds borrowed on the capital markets for the sole purpose of addressing the consequences of the COVID-19 crisis.

- The funds borrowed may be used for **loans up to an amount of EUR 360 billion and for expenditure up to an amount of EUR 390 billion.**
- Please ckick [here](#) to access the paper of the EPRS “Next Generation EU: a European instrument to counter the impact o the coronavirus pandemic”.

a. REACT-EU Initiative

The European Commission encourages Member States to use REACT-EU resources

In letters to EU Ministers responsible for Cohesion policy, Commissioner for Cohesion and Reforms, Elisa **Ferreira**, and Commissioner for Jobs and Social Rights, Nicolas **Schmit**, clarified how Member States can make use of the REACT-EU fund. The fund is part of [Next Generation EU](#) and will focus on supporting labour market resilience, jobs, SME's and low-income families, as well as as well as laying down future-proof foundations for the digital and green transitions and a sustainable socio-economic recovery.

[...] there is a serious risk that the number of people suffering from food and material deprivation will increase and therefore further action is required in order to respond to the social consequences of the COVID-19 pandemic to ensure socially fair recovery in line with the European Pillar of Social Rights.

[COM\(2020\) 223 final](#)

The Council agreement is not the end of legislative process, but in order to ensure a speedy recovery in light of the coronavirus crisis, **it is important Member States proceed with a swift programming of resources.**

Commissioner **Ferreira** said: *"The resources under REACT-EU will be of crucial importance over the coming 3 years for the recovery of the economy hit by the effects of the coronavirus crisis. Our advice to Member States is to use this opportunity most effectively and efficiently to build a solid, green, digital and cohesive recovery."*

Commissioner **Schmit** added: *"REACT-EU will be a major resource in tackling challenges related to jobs and social inclusion following this unprecedented time of upheaval. The Commission stands ready to support Member States in maximising its added value."*

For a rapid deployment of REACT-EU, **Member States should follow the Commission's recommendations provided in the letters: target the geographic areas whose economy has been hit the hardest by the pandemic and that are the least resilient; take into account European Semester country-specific recommendations; and respect the partnership principle.**

The letters are available [here](#).

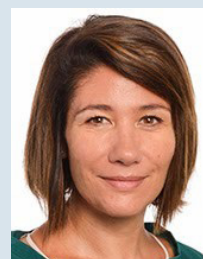
Key Points

- **EUR 47.5 billion** for the years **2020-2022**
- Amounts can be used by Member States for **ESF, ERDF and FEAD** programmes (existing or new programmes)
- Amounts will be distributed between EU MS according to their **level of prosperity and the socio-economic effects of the crisis**
- EU MS **can** give additional support to the most deprived who have been hit disproportionately

Status: awaiting Employment Committee decision

8/09/2020 at 12:00: deadline to submit amendments

15/10/2020: adoption by Employment Committee



Rapporteur

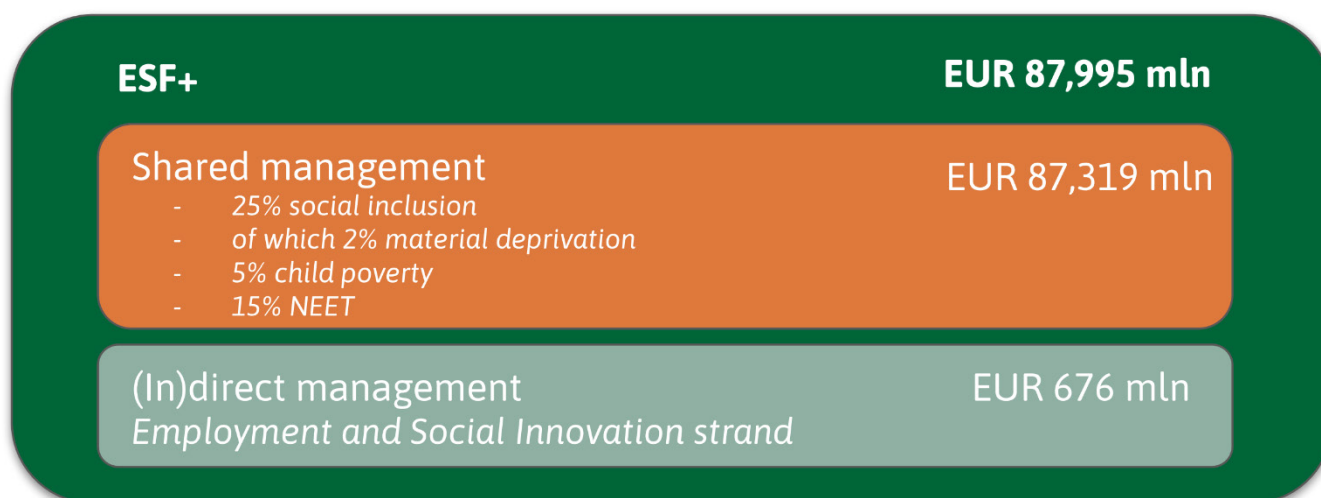
Lucia ĎURIŠ
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ECR, Slovakia



Shadow rapporteur

Dragoș PÎSLARU
Renew Europe,
Romania

b. Multiannual Financial Framework 2021–2027



Total budget: EUR 1,074.3 bln

Key Points

- **Allocation of funds will be based on NUTS level 2 regions and GDP**
 - > **less developed regions** (GDP per capita < 75% average GDP of EU-27)
 - > **transition regions** (GDP per capita is between 75% and 100% average GDP of EU-27)
 - > **more developed regions** (GDP per capita above 100% average GDP of EU-27)
- **Co-financing rates will vary from 85% to 40% depending on the regions**

"Higher co-financing rates for priorities supporting innovative actions and for support for the most deprived under ESF+ may apply."

ESF+ / Future opportunities

- **Food and material basic assistance**
 - > Directly
 - > Indirectly through electronic vouchers or cards

- **Simplified costs for food donations**

It could have a huge impact on the possibility to implement the use of funds for food and/or basic material assistance for covering the costs for food donations in an effective and efficient way in the future European Social Funds Plus (ESF+).

European Parliament's position on the EU long-term budget deal

On 23 July 2020, the European Parliament adopted in a [resolution](#) the conclusions of the extraordinary European Council meeting of 17-21 July 2020 with 465 votes against 150, with 67 abstentions.

Here below a summary of the European Parliament's position on the MFF 2021-27:

- It is a positive step for the short-term recovery, but cuts to long-term budget are unacceptable;
- The democratic oversight of EU Recovery Instrument is necessary for accountability;
- The binding commitment to new sources of EU revenue is indispensable;
- A clear mechanism linking EU financing to respect for Rule of Law is required;
- MEPs are prepared to withhold their consent to long-term budget unless the deal is improved.

The majority of the EP disapproved of the cuts made to future-oriented programmes and consider that they will "undermine the foundations of a sustainable and resilient recovery." Flagship EU programmes for climate protection, digital transition, health, youth, culture, research or border management "are at risk of an immediate drop in funding from 2020 to 2021", and that as of 2024, the "EU budget as a whole will be below 2020 levels, jeopardising the EU's commitments and priorities."

To have more information, please click [here](#).

EUROPEAN COMMISSION / Research Paper



Analysis of FEAD implementation 2018-2019

20 JULY / 2020

The European Commission published a detailed report on the analysis of FEAD annual implementation reports.

The aim of this report is to provide a detailed analysis on the implementation of the Fund for European Aid to the Most Deprived (FEAD) on the basis of the information provided in the Annual Implementation reports (AIR) in 2018.

The report contains a detailed overview of the implementation in the different Member States, arranged by themes, and information about every relevant Member State for a variety of themes.

The report is structured in four sections: overview of poverty in Europe and recent trends, overview of the performance of FEAD in 2018 in terms of financial and physical implementation, overview by main themes of FEAD implementation, and finally information on the consistency checks applied to the monitoring data, and their results.

Download the report [here](#).

FAO / Research Paper



The State of Food Security and Nutrition in the World 2020

14 JULY / 2020

More people are going hungry, an annual study by the United Nations has found. Tens of millions have joined the ranks of the chronically undernourished over the past five years, and countries around the world continue to struggle with multiple forms of malnutrition.

The latest edition of the **State of Food Security and Nutrition in the World**, published on 14 July 2020, estimates that almost 690 million people went hungry in 2019 - up by 10 million

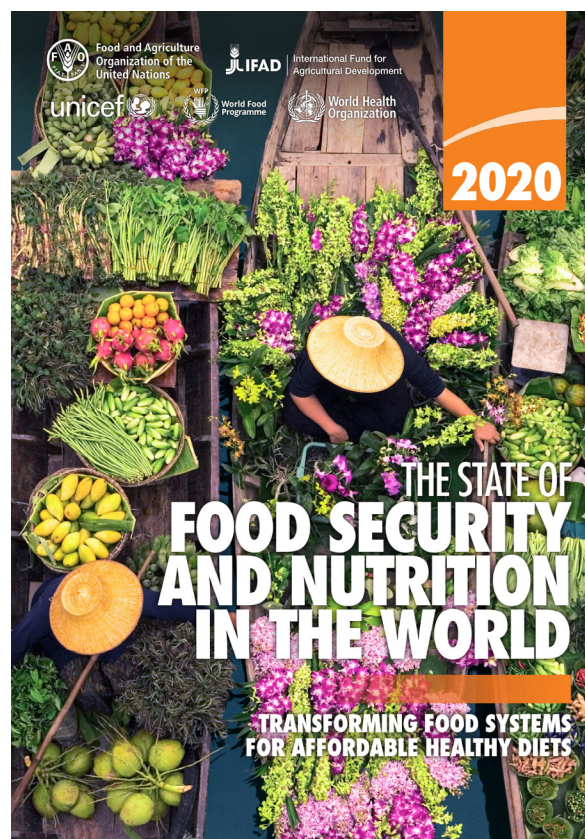
from 2018, and by nearly 60 million in five years. High costs and low affordability also mean billions cannot eat healthily or nutritiously. The hungry are most numerous in Asia, but expanding fastest in Africa.

Across the planet, the report forecasts, the COVID-19 pandemic could tip over 130 million more people into chronic hunger by the end of 2020.

The report urges a transformation of food systems to reduce the cost of nutritious foods and increase the affordability of healthy diets. While the specific solutions will differ from country to country, and even within them, the overall answers lie with interventions along the entire food supply chain, in the food environment, and in the political economy that shapes trade, public expenditure and investment policies.

The study calls on governments to mainstream nutrition in their approaches to agriculture; work to cut cost-escalating factors in the production, storage, transport, distribution and marketing of food - including by reducing inefficiencies and food loss and waste; support local small-scale producers to grow and sell more nutritious foods, and secure their access to markets; prioritize children's nutrition as the category in greatest need; foster behaviour change through education and communication; and embed nutrition in national social protection systems and investment strategies.

To download the report and have a comprehensive overview on SOFI 2020, please click [here](#).



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This publication has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>. The opinions expressed in this publication do not necessarily reflect the official position of the European Commission.